FINANCE.

7. The revenue and receipts of the State fell from Rs. 1,54,74,665 to Rs. 1,49,14,987, while the expenditure rose from Rs. 1,57,12,790 to Rs. 1,75,66,540. The transactions of the year thus resulted in a total deficit of Rs. 26,51,553, reducing the balance at the disposal of the Government from Rs. 75,53,600 at the beginning of 1090 to Rs. 49,02,047 at its close. The assets of the Government amounted to Rs. 96,75,492 and the liabilities to Rs. 47,73,415. It may be noted in passing that these assets do not include the outlay either on the Kodayar Project Works, amounting to Rs. 79,67,035, or on the Extension of the Railway from Quilon to Trivandrum, amounting to Rs. 18,75,085, incurred by the Government up to the close of 1090. Similarly, the liabilities shown above are exclusive of the Capital Liability of the Government, amounting to Bh. Rs. 1,17,84,950 on account of the Quilon–Shencottah Railway, for the discharge of which a sinking fund has been created. This fund has now reached the figure of Rs. 6,31,769.

8. **Revenue.**—The fall in the revenue was Rs. 5,59,678. As apprehended by me in my Address last year, the decline was mainly under the two heads of "Customs" and "Stamps," which together accounted for Rs. 3,34,103. It is inevitable that the economic effects of this war should be felt more by maritime than by inland States. Many of the foreign markets for the produce of Travancore have been shut out, and even in respect of those remaining open, the difficulty of finding transport is almost insurmountable. Thus the export produce of the State which largely consists of the products of the cocoanut tree remains either locked up in the godowns of merchants or has become unsaleable. The consequent decline in trade has had a depressing effect on the money-market.

9. **Expenditure.**—Even if, for purposes of comparison, the Capital Expenditure on the Extension of the Railway from Quilon to Trivandrum be left out of account, it will be seen that the expenditure of the State rose from Rs. 1,51,82,725 in 1089 to Rs. 1,62,21,520 in 1090, *i. e.*, by Rs. 10,38,795. "Education" and "Forests" account for an increase of nearly four lakhs of rupees, notwithstanding every attempt to economise, with due regard to efficiency. The amount payable by the Government to the South Indian Railway Company to make up the guaranteed interest to the debenture-holders of the Quilon–Shencottah Section of the Tinnevelly–Quilon Railway accounts for an increase of about two lakhs. It may be stated here that the expenditure in 1089 under this head represents the amount due for only nine months in that year, while that in 1090 represents the amount due for 18 months ending with the 31st March 1915. Contributions to the war funds and the expenses in connection with the reception of distinguished guests and His Highness the Maha Raja's tour to Coonoor account for about three lakhs. It is a significant fact that, while, in recent years, the expenditure of the State has been steadily increasing, the receipts of the Government have not been proportionately elastic. Against an increase of 36 per cent in expenditure during the last quinquennium, there has only been an increase of 23·2 per cent in revenue. This grave disturbance in the financial equilibrium is not solely attributable to the war. The time has now arrived for the receipts and expenditure of the State being judiciously balanced. It would be dangerous to depart from the principle of equalising the year's income and expenditure, and the safest and most effective means of achieving this end is engaging the serious attention of the Government. The Government rely on the hearty co-operation of all heads of departments in reducing expenditure without impairing efficiency.

MAIN HEADS OF REVENUE.

10. **Land.**—The net land revenue demand of the year fell from Rs. 37,41,054 to Rs. 35,84,798. This decrease is mostly apparent, being due to the transfer, as the result of further scrutiny, of additional lands as well as the assessment thereon from "Land Revenue" to "Devaswoms", and to the arrangements sanctioned for the first time during the year, of crediting the revenue from the *thanathuchitta* lands and trees in the possession of the various departments of the State to those departments, instead of to "Land Revenue" as hitherto. It is also due to the circumstance that

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